

Decision No. 15086

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Coastside Transportation Com-)
pany, a corporation, for an order)
authorizing a revision of certain)
Rules and Regulations and the In-)
creasing of Passenger Fares and)
Freight and Express Rates.)

APPLICATION NO. 10648

Encell and Miller, for Applicant
L. H. Wolters, for Golden State Milk Company.

SQUIRES, COMMISSIONER:

OPINION

This is an application of the Coastside Transportation Company, a corporation, for an order granting authority under the provisions of Chapter 213, Statutes 1917, to readjust passenger fares and freight and express rates to cover transportation service between the points served.

A public hearing was held May 7, 1925 and all interested parties having been given an opportunity to be heard, and the case having been duly submitted, is now ready for an opinion and order.

The applicant operates an automobile passenger, freight and express service between San Francisco and Pescadero via the so-called Coast Route, and between San Francisco and Pescadero via San Mateo over the route formerly operated by the Red Star Stage Line. These operative rights were secured under different authorities

in Applications Nos. 8252, 8949, 8963 and 9320. The petition alleges that the present fares and rates are noncompensatory and that the proposed changes, if allowed, will put into effect just and reasonable fares and rates, provide sufficient revenue to meet operating expenses, depreciation, taxes and other fixed charges and net a reasonable return upon the value of the property devoted to the public service. The proposed passenger fares are increases of approximately 26½ per cent and the proposed freight and express rates approximately 17½ per cent.

Notwithstanding the fact that notices were sent to interested shippers and receivers of freight and to the Chambers of Commerce in the important centers affected, no one appeared to oppose granting the application. Milk and Cream shippers suggested minor changes in the freight and express rates covering the transportation of milk and cream, which changes were agreed to by applicant in its amended exhibit.

Attached to the application are nine exhibits setting forth in full income and expense accounts, revenues under the present rates, those estimated under the proposed adjustments, assets and liabilities and the value of the property devoted to the service.

It will not be necessary to enter into all the details of applicant's financial difficulties. At the end of the calendar year, December 31, 1924 there was a deficit from operations of \$14,190.33; on March 31, 1925 the deficit had increased to \$22,178.02. For the three months period, January, February and March, 1925 the total operating revenues were \$11,770.29, while the operating expenses were \$14,418.11, a loss from operations before charging depreciation of \$2,640.82. Accrued depreciation amounted to \$5,505.06; other minor items of miscellaneous income and expense made a total actual loss, including depreciation, for the three months' period referred

to of \$7987.69. It is thus clear that at the present time applicant is not even securing sufficient revenue to pay actual out-of-pocket operating expenses, to say nothing of depreciation or return upon investment. The books of applicant on March 31, 1925, showed a total claimed value for plant and equipment of \$152,193.32. With the exception of a franchise cost item of \$26,940.51 the amount is made up of tangible properties used in rendering the public utility service. The Commission has made no actual appraisement of the assets of the Company, but after the elimination of the claimed franchise costs it is fair to assume that the property used and useful in the public service has a value of approximately \$125,000.00. The accounts and books of applicant were checked by the Commission's Department of Finance and Accounts, and while some minor changes were found necessary, the net results were not sufficient to materially affect the exhibits and the testimony submitted at the hearing.

The total business transacted during the first three months of 1925, as compared with a like period of 1924, shows a falling off in gross revenue of 20 per cent. As illustrative of the freight movement, it may be stated that for the first three months of 1924 the revenue totalled \$7945.78 and for the same period of 1925 it was only \$5799.39.

The territory traversed by applicant is devoted to intensive truck farming and at the present time the farm-owned and other uncontrolled auto freight trucks are handling the tonnage to a greater or less extent.

I am somewhat doubtful if the increases in rates will result in any material advantage to applicant; indeed, it may develop that they will result in driving more tonnage to privately-owned vehicles; however, upon all the facts of record, it is my conclusion

that the application should be granted and the carrier given an opportunity to test the rates proposed.

Therefore, I recommend that an order be entered authorizing publication of the proposed passenger fares and freight and express rates, as set forth in Exhibits D, E, F, G, H and I, attached to and made a part of the application.

Applicant should be required to submit to the Commission on or before the twentieth day of each month, for a period of not less than six months, beginning with the first month after the increased rates take effect, a statement showing the earnings under the present and the increased rates and fares, also the revenues and expenses. Information as to the revenues and expenses should be compiled in conformity with the Commission's Order effective January 1, 1922, Uniform Classification of Accounts.

ORDER

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had and basing this order on the findings of fact and conclusions contained in the opinion, which said opinion is hereby referred to and made a part hereof.

IT IS HEREBY ORDERED that Coastside Transportation Company, a corporation, be and it is hereby authorized to establish within twenty (20) days from the date hereof the passenger fares, and freight and express rates as set forth in Exhibits D, E, F, G, H and I, attached to and made a part of the application.

IT IS HEREBY FURTHER ORDERED that the Coastside Transportation

Company, a corporation, file with this Commission on or before the twentieth (20th) day of each month, for a period of six (6) months, beginning with the first day of the month after the new rates become effective, a statement showing the revenues and the expenses from its operations of passenger, freight and express service between San Francisco and Pescadero, via the Coast Route, and between San Francisco and Pescadero via San Mateo over the route formerly operated by the Red Star Stage Line. The revenues and expenses should be compiled in conformity with the Commission's order effective January 1, 1922, Uniform Classification of Accounts.

Dated at San Francisco, California, this 22^d day
of June, 1925.

H. B. Randall
C. Leary
Egerton Shaw
George W. Squires
Franklin
Commissioners.